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## **Newsletter - 1995-12-28**

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# NEWSLETTER

104-1540

28 December 1995

Washington, DC

**THE MEDICARE PROGRAM.** Last week in my newsletter I wrote about Medicaid. At that time I said I would subsequently discuss Medicare. This will provide an overview of that program.

Medicare, authorized in 1965 under Title XVIII of the Social Security Act, is a health insurance program for the aged and disabled which I supported. It covers acute care, and except in a few cases, does not cover long-term care or outpatient prescription drugs. It consists of two parts -- **hospital insurance (Part A)** and **supplementary medical insurance (Part B)**.

Since 1965, the Medicare law has been amended many times. It was amended in 1972 to include individuals who are entitled to social security disability benefits and those who suffer from permanent kidney failure or end-stage renal disease. Payment systems have been changed over the last decade, most notably in 1983 to set up a prospective payment system for hospitals and in 1989 to reform the physician payment system.

Medicare Part A provides basic health care coverage for inpatient hospital services, skilled nursing facility services, home health services and hospice care. Medicare Part B helps pay for the cost of physician services, outpatient hospital services, durable medical equipment and supplies, and several other health care items and services.

The Health Care Financing Administration (HCFA) contracts with fiscal agents, such as Blue Cross and Blue Shield and other commercial insurance companies, to process and pay Medicare claims. Companies that process hospital, skilled nursing facility, home health agency, and hospice claims are called **Medicare intermediaries**. Companies that process physician and medical supplier claims are called **Medicare carriers**.

The Social Security Administration, using Medicare eligibility guidelines, determines an individual's entitlement to Part A and/or Part B. SSA's local offices also serve as a valuable contact point for Medicare beneficiaries seeking program information on covered services or information on claims.

As mentioned in my previous newsletter, if you have more detailed questions about Medicare don't hesitate to contact me. I will certainly do my best to obtain the answers for you.

# # #

**SWEEPSTAKES ADVERTISING -- A CONSUMER'S GUIDE.** Direct mail sweepstakes promotions offer consumers the chance to win money and prizes in return for opening an envelope and returning the entry form. As more companies use sweepstakes to draw attention to their products and services, and participation increases, growing numbers of individuals are winning prizes, many in quite substantial amounts. Fraud, however, is also on the rise. Because of that fact, and that people regularly ask me how to tell which promotions are legitimate and which are not, I wanted to provide the following information:

By definition, a **sweepstakes** is an advertising or promotional device by which items of value (prizes) are awarded to participating consumers by chance, with no purchase or "entry fee" required in order to win.

A **lottery**, as contrasted to a sweepstakes, is a promotional device by which items of value (prizes) are awarded to members of the public by chance, but which requires some form of payment in order to participate. Lotteries are illegal except when conducted by states and certain exempt charitable organizations. If you believe you have received a solicitation in the guise of a sweepstakes which is an illegal lottery, you should contact your local post office or state Attorney General's consumer protection office.

Don't confuse **skill contests** with sweepstakes offers. In a skill contest, the winner is determined by skill -- not chance -- and an entry fee or purchase may be required. There are many legitimate skill contests. For example, in a skill contest you may write a winning jingle, solve puzzles, or answer questions correctly. Your skill or knowledge is what wins the contest, not chance. Before paying anything to the company know how the contest works, what the prizes are, and what all the fees are.

**Premiums** are gifts that companies make available to all recipients who respond according to the company's instructions, for example, a travel bag received with a new magazine subscription. Under those circumstances, when everyone who responds to the offer receives the same gift item, without any element of chance, the offer is not a sweepstakes.

Rules, and the way they are written, can tell you a lot about sweepstakes promotions and the companies sponsoring them. Read them carefully! Your entry can be discarded if the rules are not followed to the letter. If you can't find, read, or understand the rules, you may want to think twice about entering.

Winner selection in a sweepstakes is conducted in an unbiased manner which gives all the entries -- both those with and without an order -- an equal chance to win. This is usually done either by a random drawing or by a preselected number.

To verify the reputation of any sweepstakes or other promotion received before responding, call the Better Business Bureau where the company is located or your state or local consumer protection office. Be aware, however, that many questionable prize promotion companies do not stay in one place long enough to establish a track record -- an absence of complaints does not necessarily mean the offer is legitimate.

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